

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 2012-00225

O R D E R

On May 31, 1996, in Case No. 1994-00433, the Commission approved rates for Bluegrass Gas Sales, Inc. ("Bluegrass") and provided for their further adjustment on a quarterly basis in accordance with Bluegrass's gas cost adjustment ("GCA") clause.¹

On June 4, 2012, Bluegrass filed its proposed GCA to be effective July 1, 2012.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Bluegrass's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Bluegrass's notice sets out an Expected Gas Cost ("EGC") of \$4.5052 per Mcf, which is a decrease of \$.8270 per Mcf from its previous EGC of \$5.3322 per Mcf.
3. Bluegrass's notice sets out no current quarter Refund Adjustment.
4. Bluegrass's notice sets out a current quarter Actual Adjustment ("AA") of (\$.8436) per Mcf. Bluegrass's total AA is (\$1.1954) per Mcf, which is a decrease of \$.9179 per Mcf from its previous total AA of (\$.2775) per Mcf.

¹ Case No. 1994-00433, The Petition of Bluegrass Gas Sales, Inc. for Approval of a Certificate of Convenience and Necessity to Construct Facilities, Approval of Financing, Approval of Initial Rates and Operation of a Natural Gas Distribution System (Ky. PSC May 31, 1996).

5. Bluegrass's notice sets out a current quarter Balance Adjustment ("BA") of (\$.0388) per Mcf. Bluegrass's total BA is (\$.0224) per Mcf, which is a decrease of \$.0383 per Mcf from its previous total BA of \$.0159 per Mcf.

6. Bluegrass's GCA is \$3.2874 per Mcf, which is a decrease of \$1.7832 per Mcf from its previous rate of \$5.0706 per Mcf.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Bluegrass on and after July 1, 2012.

IT IS THEREFORE ORDERED that:

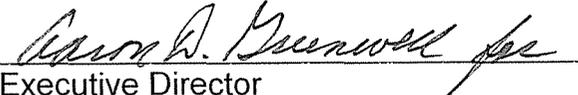
1. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered on and after July 1, 2012.

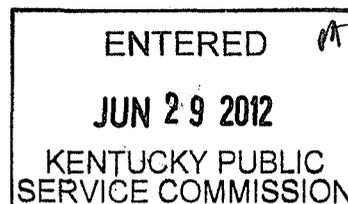
2. Within 20 days of the date of this Order, Bluegrass shall file with the Commission its revised tariffs setting out the rates approved herein, reflecting that they were approved pursuant to this Order.

By the Commission

Commissioner Breathitt is abstaining from this proceeding.

ATTEST:


Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00225 DATED JUN 29 2012

The following rates and charges are prescribed for the customers served by Bluegrass Gas Sales, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf (Minimum Bill)	\$4.6137	\$3.2874	\$ 7.9011

Mark H O'Brien
Bluegrass Gas Sales
P.O. Box 23539
Anchorage, KENTUCKY 40223